WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT
Division of Economic Support
Bureau of Welfare Initiatives

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<tr><td colspan="2">**BWI OPERATIONS MEMO**</td></tr>
<tr><td>**No.:**</td><td>**99-64**</td></tr>
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<tr><td colspan="2">**Non W-2 [X] W-2 [X] CC [X]**</td></tr>
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TO: **Economic Support Supervisors**
          Economic Support Lead Workers
          Training Staff
          FSET Administrative and Provider Agencies
          Child Care Coordinators
          W-2 Agencies

FROM: Stephen M. Dow
          Program Implementation Team
          Policy Analysis and Program Implementation Section

SUBJECT: **SELF-STUDY GUIDE: BENEFIT RECOVERY – DETERMINING**
                OVERPAYMENTS

PURPOSE

This memo provides a new self-study guide intended to assist staff in the benefit recovery process.

If you need addtional copies of the guide, please contact Peter Nowicki.

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CONTACTS

If you have questions about this guide, contact the CARES/Policy Call Center.

DWD/DES/BWSP/JL

BENEFIT RECOVERY
DETERMINING OVERPAYMENTS
POLICIES & PROCEDURES
Self-Study Guide

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DETERMINING OVERPAYMENTS SELF-STUDY GUIDE

HOW DO I FIND AN OVERPAYMENT?

Workers discover overpayments in many ways, including front end verification (FEV) activity; state wage and unemployment queries; Social Security cross matches; data exchange reports; anonymous phone calls; statements made by the client; and other sources.

There are three types of overpayments:

1. **Non-client error**: The worker inadvertently keyed the wrong information, the worker failed to act on available information, the worker used incorrect policy, or the system gave the client more benefits than s/he was entitled to receive.

2. **Client error**: The client unintentionally omitted or provided erroneous facts and received more benefits than s/he was entitled to receive.

3. **Intentional Program Violation (IPV)**: Client intentionally omitted or provided erroneous facts to receive more benefits than s/he was entitled to, and the individual was found guilty of the IPV by a court, an administrative disqualification hearing, or by signing a Waiver of Administrative Disqualification Hearing form (DES-10797).

WHEN SHOULD I ESTABLISH A CLAIM AGAINST AN ASSISTANCE GROUP?

Establish claims:

- whenever a group has received incorrect benefits subject to recovery.

- within 30 days of discovery of the error.

- regardless of claim type and amount, except as noted below:

  + FOOD STAMPS - If the household is **no longer receiving benefits** and the client or non-client error claim is for less than $125, a claim **should** be established, but it is not required (agency discretion based on workload). All non-client and client error claims greater than $125 **must** be established. Claims **must** be established to complete corrective action on all cases found in error by the Quality Assurance process, regardless of the dollar amount.

  + MEDICAID - Do **not** establish claims for Medicaid non-client errors regardless of the amount.

  Claims for incorrect payments may be established up to six years after discovery of the error.

HOW DO I KNOW THERE IS AN OVERPAYMENT?

Food Stamps, Aid to Families with Dependent Children (AFDC), Medicaid, Child Care (CC) and Wisconsin Works (W-2) have very specific nonfinancial and financial eligibility criteria. An assistance group either meets the criteria and is eligible or doesn't meet the criteria and is not eligible. If an individual received benefits but it is later found that he or she did not meet the eligibility criteria; an overpayment clearly exists.

An individual or assistance group may also remain eligible for benefits and have an overpayment. If an error was made in determining the amount of benefits to be received (due to client error, non-client error, or Intentional Program Violation), the exact amount of the overpayment must be determined.

In addition to the assistance group financial and nonfinancial criteria, W-2 also requires an assessment of an individual's ability to find a job for appropriate placement on the W-2 ladder. A person who has no barriers to unsubsidized employment is not eligible for a W-2 employment position/payment. This is a nonfinancial eligibility criterion. An overpayment CAN be determined based on the fact that had all the information been known, the participant would not have been placed in an employment position. However, in these circumstances the Financial and Employment Planner (FEP) must make a neutral and objective assessment of the decision that would have been made had all the information been presented.

> **Example:** Joan was placed in a CSJ. The FEP discovers that while Joan was receiving the CSJ payment, she was also working 10 hours a week at a local bakery. The job was not reported. The FEP determined that even if Joan had reported the job, she still had barriers to employment and was not considered ready for full time unsubsidized employment. She would have been placed in a CSJ position under the marginal employment provision. No W-2 overpayment exists.

> **Example:** Sandy was placed in a CSJ. The FEP discovered that Sandy's husband, Bill has been living in the home, which was not reported. Bill works 25-30 hours a week as a mechanic at a local garage. He has been employed there for over a year. His income is under the gross limit; however after assessing the situation, the FEP determined that Bill would have been targeted as the most employable parent and placed him in unsubsidized employment. A W-2 overpayment exists.

The intent of the Caring for an Infant payment is to provide a payment for a 12-week recovery period for a parent to provide care for a newborn. If a parent returns to work before the 12-week period ends and is determined to have no barriers to unsubsidized employment, the worker needs to initiate payment recovery.

Example: Linda began receiving a Caring for an Infant payment March 1 for a child born February 10. She returned to work full time March 26, but did not report this to her FEP until April 30. The FEP determines an overpayment does exist because Linda was working and did not have barriers to unsubsidized employment.

Example: Linda began receiving a Caring for an Infant payment March 1 for a child born February 10. She returned to work part time March 26, but did not report this to her FEP. Her doctor limited her to 20 hours per week due to the baby's health problems. On April 18, she returned to work full time. The FEP determines that the period from March 26 through April 18 is not an overpayment, because Linda had a short term barrier to unsubsidized employment. However, payments received for the time period after April 18 can be recovered.

Example: Linda began receiving a "Caring for an Infant" payment March 1 for a child born February 10. She returned to work part time March 26, but did not report this to her FEP. She decided to work part time in order to spend more time with her baby.   Because Linda has no barriers to unsubsidized employment, payments received for the time period after March 26 should be recovered.

CALCULATING OVERPAYMENTS FOR BENEFITS ISSUED PRIOR TO SEPTEMBER 1, 1997

Beginning in September 1997, income and expenses are budgeted prospectively for all programs. Prior to that date, a retrospective budgeting process was used for most programs. CARES is programmed to properly budget income and expenses retrospectively for months prior to September 1, 1997. Under the retrospective budgeting process, the actual income received and expenses paid or incurred during one month was used to determine the benefits issued two months later. For example, income received in June was used to determine August benefit amounts.   Be aware of this when determining overpayments, both manually and in CARES.

> **Example:** Bill failed to report a job he held from March 1997 through May 1997. Under retrospective budgeting, the income from these months would have been used to calculate the benefits for May, June, and July 1997. Therefore, the overpayment period is May through July. May's overpayment is calculated using March income, June using April income, and July using May income.

CALCULATING OVERPAYMENTS USING PROSPECTIVE INCOME (FOR BENEFITS ISSUED AFTER SEPTEMBER 1, 1997)

When determining overpayments for benefits issued under the prospective income budgeting process, if the overpayment was the result of unreported or under-reported income, use the actual income earned to calculate the overpayment. **Do not** convert unreported or under-reported income to a prospective amount. Income that was reported remains prospectively budgeted. **Do not** change income that had been reported and properly budgeted.

> **Example:** Bill reported that he was working part time at McDonald's. The worker properly estimated and prospectively budgeted this income. The worker later discovered that Bill had also been working at Arby's. When calculating the overpayment, do not adjust the income budgeted from McDonald's.

HOW DO I KNOW WHAT MONTHS ARE OVERPAID?

AT APPLICATION

When information that causes a group to be ineligible is not reported at application, all of the benefits received are an overpayment. If the information that is not reported results in a decrease in benefits, the difference between what was actually received and the correct benefits is the overpayment.

ONGOING

Recipient overpayments differ by program:

FOOD STAMPS

When food stamp benefits are overissued because the group did not report a change timely, start from the date the change occurred. Per federal requirements, participants must be allowed 10 days to report the change AND must receive at least 10 days notice of the change in benefits. CARES programming allows 13 days due to the timing of adverse action. When the change is a new job, allow 10 days to report **from the start date of the job**.

Example: Richard started a job on 10/6 and did not report the change. The worker received a wage match in March of the following year. The worker verified the income and start date with the employer and entered the change, closing the Food Stamp case effective 3/31. The income put the recipient over the gross income limit starting in November. To determine the overpayment period, the worker allows 10 days for reporting the change (10/16). This was before October adverse action, which would allow for the 10 day negative notice before the next possible payment month (November). When making the referral on CARES screen BVRF, the referral period would be 11/01/97 - 03/31/98.

Example: Robert started a job on 10/16 and did not report the change. The worker received a wage match in March of the following year. The worker verified the income and start date with the employer and entered the change, closing the Food Stamps effective 3/31. The income was over the gross income limit starting in November. To determine the overpayment period, allow 10 days for reporting the change - 10/26. This date falls after October adverse action; therefore a 10 day negative notice cannot be issued in time for November benefits. The next possible payment month would begin December 1. When making the referral on BVRF, the referral period would be 12/01/97 - 03/31/98.

Although the AFDC program ended in Wisconsin effective March 31, 1998, overpayments may be established for up to six years. Recovery once established has no statute of limitations for collection.

AFDC

When the overpayment is because the group did not report a change timely, start from the date the change occurred. Participants must be allowed 10 days to report the change, and the overpayment period starts the next month. When the change is a new job, allow 10 days from the start date of the job. No 10 day negative notice requirement exists for AFDC overpayments. This is different than the Food Stamp policy explained above. Start with the date the change occurred and add the 10 day reporting requirement. If that date is before the 1st of the following month, the following month's benefits have been overpaid. If that date is after the 1st of the following month, that month's benefits have NOT been overpaid.

Apply the appropriate earned income deductions (e.g., $90 work expense deduction) even if the income was not reported.

Example: A recipient started a new job 2/13 that would have caused a reduction in benefits starting in March. He did not report the job until May. To determine the start of the overpayment period, add 10 days (to report a change) to the date of change - 2/23. This is before March 1, so the March grant is an overpayment, even though 2/23 is after adverse action.

Example: A recipient started a new job 2/24 that would have caused a reduction in benefits starting in March. He did not report the job until May. To determine the start of the overpayment period, add 10 days (to report a change) to the date of change - 3/6. This is after March 1, so the March grant is **not** an overpayment. April is the first month of overpayment.

AFDC requires the recovery of benefits when the worker has been informed of a change that causes an overpayment before the first of the month.   However, if the change is reported timely but after the first of the next month, do not recoup the benefits. (NOTE: This requirement affects AFDC only, not MA).

Example: A recipient starts a new job 10/25. She reports the change 10/26. The income will make her ineligible in November. November is an overpayment and must be recovered.

Example: A recipient starts a new job 10/25. She reports the job 11/3 (still within the 10 day requirement). November is NOT an overpayment - AFDC closes 11/30.

Child support payments which have been assigned to the State must be calculated in the overpayment determination. Recover no more than the amount of AFDC payments which have not been reimbursed by child and/or family support collected. Compute unreimbursed assistance monthly from when the overpayment occurred. When calculating the amount to recover, offset the overpayment with any child support payments that were retained for the same month in which the overpayment occurred. Do not go outside the AFDC payment month. If the AFDC payment was issued in May, any child support must have been collected and retained in May.

Example:

(a)   *AFDC Overpayment Worksheet*

Payment Month		May
26. Correct Check Amount	=	350
27. Actual Check Issued	=	440
28. Subtotal Overpaid	=	90
29. AFDC Underpaid	=	0
30. May CS Collection Retained	=	150
31. Unreimbursed AFDC Payments	=	290
32. AFDC to be Recovered (the lesser of 28 or 31)	=	90

There is currently no statutory authority to allow recoupment of AFDC overpayments from W-2 payments. Only W-2 overpayments may be recouped from W-2 payments. This policy may be revised when statutory language has been changed.

WISCONSIN WORKS AND CHILD CARE

Due to the nature of the W-2 and Child Care programs, agencies have discretion in determining overpayments for W-2 and Child Care. However, the following guidelines have been established.

Wisconsin Works

Although the W-2 program provides services beyond W-2 payments, the focus of this packet is on W-2 employment positions. No 10 day negative notice requirement exists for W-2 overpayments. A W-2 agency may terminate a W-2 employment position at any time following a change that affects eligibility. Therefore, the agency has flexibility in determining at what point to begin the overpayment period, starting from the date the change occurred.

> **Example:** On 2/10, a FEP discovered that Jane failed to report that the absent parent had moved into her home on 10/15 of the prior year. His income exceeds the W-2 gross income limit. The FEP immediately closes the W-2 payment, and no further payments are issued. The W-2 agency considers 10/16 to be the first day of the overpayment period. The checks received in November, December, January, and February are overpayments. The eligibility period covered by the payments is 11/1 through 1/31. These are the dates entered on the referral screen BVRF.

> **Example:** Linda began receiving a Caring for an Infant payment March 1 for a child born February 10. She returned to work March 26, but did not report this to her FEP until April 30. Her salary is over the gross income limit. The FEP closed the case immediately, and no further payment were issued. The W-2 agency considers any payments received after the end of the participation period in which the change occurred to be an overpayment. Therefore, the payment received 5/1 for participation period 3/16 - 4/15 is not considered an overpayment. No payments were received past that date, so no claim is necessary.

The above examples illustrate the W-2 agency's discretion in determining overpayments. In either case, the agency could have determined a different date to start the overpayment period, beginning as early as the date of the change.

Points to remember about W-2 overpayments:

- Participation in W-2 CSJ or W-2T employment positions are considered employment and training activities and participation does not entitle the participant to a payment. If a person is found to be ineligible for a time period, an overpayment claim can be created and the benefits must be recovered even if a person has participated fully in an employment position.

- Individuals placed in Trial Jobs based on fraudulent information will be required to repay the employer subsidy (up to $300 per month).

- Adjust the clock counter by subtracting a month from the appropriate clock category in the following situation:

    ♦ A participant repays benefits for a month due to an overpayment caused by agency error or inadvertent client error. The clock adjustment should not occur until the entire overpayment associated with a particular payment month is recovered.

    ♦ Clocks will not be altered if the overpayment that was subsequently recovered was caused by an Intentional Program Violation or fraud as defined by the Income Maintenance Manual, Chapter 2, Part D.

- For cases assigned to the **W-2 Child Support demonstration project control group**, recover no more than the amount of W-2 paid which has not been reimbursed by child and/or family support collected. Compute unreimbursed assistance monthly from when the overpayment occurred. When calculating the amount to recover, offset the overpayment with any child support payments that were retained for the same month in which the overpayment occurred. Do not go outside the W-2 Payment month. If the W-2 payment was issued in May, any child support must have been collected and retained in May.

Example:		
W-2 Overpayment Worksheet		
Payment Month		**May**
17. Correct Check Amount	=	0
18. Actual Check Issued	=	678
19. Subtotal Overpaid	=	678
20. W-2 Underpaid	=	0
21. May CS Collection Retained	=	150
22. Unreimbursed W-2 Payments	=	528
23. Subtotal W-2 to be Recovered (the lesser of 19 or 22)	=	528

Child Care

Overpayments are calculated beginning the first full week an incorrect payment occurred. Payment and attendance periods begin on Sunday and end on Saturday, and may be as short as one week or as long as 6 months.

Example: A family began receiving Child Care Assistance in December.   The family failed to report a large settlement received on January 15th that exceeded the asset limit. The worker discovers the overpayment March 23 and ends the child care payment as of April 4 (10 day notice must be given to the provider and payment periods run through the end of the week.) The first full week of ineligibility is 1/18 through 1/24. Payments made for services provided since 1/18 are considered an overpayment. The first date of the overpayment (1/18) is in January and services were provided until April - therefore the referral period on BVRF is 1/1 - 4/30.

Example: A family has been receiving Child Care Assistance since January. At a review on May 29, the worker learns that the parent received a raise starting with the March 24th paycheck. The raise was $75 per week, and should have been reported within 10 days. The recipient is still eligible for Child Care Assistance; however the copayment should have been $20 more per week (the subsidy paid by the county would have been $20 less). The worker gives a 10 day notice to the provider, and the provider payment is reduced by $20 beginning the week of June 14th.

The first full week after the change is 3/29 through 04/04. This is the first week of overpayment. The worker will calculate the amount overpaid for 3/29 through 6/13. The referral period entered on BVRF is 3/1 through 6/30.

Example: A family applies for Child Care Assistance April 24 and is found eligible effective April 1. However, the family used unregulated child care and did not require assistance until May 10. If it is later found that they were ineligible, the referral period would begin May 1, since that is the eligibility period during which assistance was provided.

HOW DO I DETERMINE THE OVERPAYMENT?

Overpayment claims are initiated in CARES by entering a referral on CARES screen BVRF. The worker must enter the dates during which the worker believes the participant was not eligible to receive benefits - called the "Referral Period." The Referral period is the period covered by the benefits or payments received in error. To find the covered period:

- For AFDC, FS, or W-2: tran to IQAF or IQFS. Select a benefit, and press PF14 to view details. The period covered by the benefit will be displayed. The period ends the last day of the calendar month. Be sure the gross payment is used.

- Medicaid: the dates covered by the Medicaid card. Covered periods can be obtained through MMIS. A separate referral must be created for each category of Medicaid (i.e. MA R, MAOR, MHSP). Categories can be found on AQCS.

- Child care: the calendar month in which the services were provided.

CARES must also be able to find an open eligibility segment for the referral period on AQAE to allow the worker to process an overpayment referral and claim.

For W-2, eligibility and payments are based on the participation period. However, CARES does not recognize participation periods in Eligibility Determination/Benefit Calculation (EDBC) and Benefit Issuance. You must use the calendar month covered by the payment. This is referred to as the eligibility period.

IQAF displays the date the check was issued. The eligibility period can be found on the detail screen IQAD in the "period covered" column. For ongoing cases, generally the eligibility period is the calendar month that includes the last day of the participation period. However, in some cases, a prorated initial check is issued at application, and the above rule will not apply. In all cases, check IQAF and IQAD to view the actual gross payments issued and the periods covered by those payments.

When entering a W-2 overpayment, workers must add text to the CARES notices because the notice will state that the overpayment is for the period covered by the payment, which is usually the month prior to when the group actually received the check. Add the following text:
"This W-2 overpayment is for the payment received in (month/year)."

Payment periods in relation to when the person receives the benefit are illustrated in the following table:

	W-2	FS	AFDC	Medicaid	Child Care
Participation Period **Eligibility period (period covered by payment)** **(W-2: except at application)**	10/16 - 11/15 11/1 - 11/30	N/A 12/1 - 12/31	N/A 12/1 - 12/31	N/A 12/1 - 12/31	N/A 12/1 - 12/31
When participant receives the benefit	12/1 - 12/31	12/1 - 12/31	12/1 - 12/31	12/1 - 12/31	Weekly attendance periods where the first day of the period falls in Dec.

Example - (W-2):

An applicant was placed in an employment position 12/1/97. The following screen prints display IQAD and AQAE:

```
IQAF                    AFDC/W-2 ISSUANCE HISTORY - DISBURSEMENT           06/12/98  13:20
                                                              XWI010 B. RECOVERY
CASE        CAT  SEQ      PRIMARY PERSON NAME
9101901991                  SABLE, JOAN


SEL      CAT   SEQ   BENEFIT    CHECK     CHK/EFT  CHK/EFT  **DISPOSITION**  CTY   OFF   RTN
         CD    NUM   NUM        NUM       DATE     AMOUNT   CD  RSN  DATE    NUM   NUM   IND

 _       WW C  01    100542064  J1150162  03 01 98 673.00   IS      02 20 98  18    5518
 _       WW C  01    100254064  J1143662  02 01 98 673.00   IS      01 22 98  18    5518
 X       WW C  01    100197064  J1131162  01 01 98 336.00   IS      12 22 97  18    5518




 PF14 IQAD   PF15 IQAP   PF16 IQAT   PF17 IQWD │  PF18 BICS-SUPPL   PF19 BICS-REPL
 NEXT TRAN: ____    PARMS: 9101901991_____
```

Check issued 1/1

```
IQAD                    AFDC/W-2 ISSUANCE HISTORY - DETAILS            06/09/98  14:18
                                                              XWI010 B. RECOVERY
CASE NUM     CAT     SEQ    BENEFIT NUM     TOTAL VENDOR AMT
9101901991   WW C    01     100197064            .00
PAYEE TYPE:  PR                              ADDRESS IND:
PAYEE NAME:  SABLE, JOAN                     AFFIDAVIT RCV DT:
BANK NAME:                                   REPL CHK  NUM:
  ADDRESS:  111  MAIN ST                     REPL CHK DATE:
            MADISON WI 53704                  CHK/EFT DATE: 01 01 98
                                              RUN TYPE IND: W


SEL      BEN     BEN     PERIOD      BENEFIT    RECOUP     OFFSET     RETURNED
         TYPE    RSN     COVERED     AMT        AMT        AMT        AMT


 _       MN            12 01 97      336.00                .00        .00

 PF14 IQAV    PF15 IQAF    PF16 IQAP    PF17 IQAM    PF18 IQWD
 NEXT TRAN: ____    PARMS: 9101901991/WW C/01/100197064_____
```

Period covered by the $336 payment. Payment received in January for participation period 12/1 - 2/15. Dates on BVRF would be 12/01/97 to 12/31/97.

```
AQAE                   ASSISTANCE GROUP ELIGIBILITY HISTORY          05/19/98   14:55
CASE: 9101901991       CAT: WW C   SEQ: 01        WORKER: XWI010   XWI1010 B. RECOVERY
                                               CASE STATUS: OPEN   CASE MODE: ONGOING


PRIMARY PERSON:  JOAN        SABLE
                                                                                    B
                          ELG STA                                                   A
                          N  A I                      NET                        O   T
PAYMENT   PAYMENT    DATE  F  S N      BEN    CHANGE             WORKER V C
BEGIN     END        CREATED   T C   AMOUNT   AMOUNT  - REASONS -   ID    R H

03 01 98             02 12 98   S  S  S   673.00                    XWI008
02 01 98  02 28 98   02 12 98   S  S  S   673.00                    XWI008
01 01 98  01 31 98   02 12 98   S  S  S   673.00                    XWI008
12 01 97  12 31 97   02 12 98   S  S  S   336.00                    XWI008



PFKEYS: 15=AQCS,  16=AQAS,  17=AQAM
NEXT TRAN: ____    PARMS: 9101901991/WW C/01 _____
```

**Open eligibility segment
for 12/1 - 12/31**